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**FILED**

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UNITED STATES  
BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA

10 **IN THE UNITED STATES BANKRUPTCY COURT**  
11 **FOR THE DISTRICT OF ARIZONA**

12 **In re:**

13 **LEEWARD HOTELS, L.P., an Arizona**  
14 **limited partnership,**

15 **Debtor.**

**Chapter 11 Proceedings**

**Case No. B-99-09162-ECF-GBN**

**STIPULATED INTERIM ORDER**  
**REGARDING CASH COLLATERAL**  
**[December 1999]**

16 This matter came before the Court initially on the "Motion to Use Cash Collateral" ("Motion")  
17 filed by the Debtor Leeward Hotels, L.P. ("Debtor"). A hearing was held on August 6, 1999 at which time the  
18 Court approved a "Stipulated Interim Order Regarding Cash Collateral" entered into between the Debtor and  
19 LaSalle/GMAC. At hearings held September 8, 1999, October 12, 1999 and November 17, 1999, the parties  
20 agreed on the record to the continued use of cash collateral on the same terms and conditions. The parties have  
21 requested the Court to approve this interim order on the following terms and conditions. Based on the parties'  
22 stipulation, the Court hereby finds, concludes and orders as follows:

23 1. Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code on August 2,  
24 1999. Debtor operates its business as a debtor-in-possession pursuant to 11 U.S.C. § 1107 and 1108.

25 2. Debtor owns and operates a hotel property known as the Best Western Lubbock Regency  
26 Hotel, 6624 Interstate 27, Lubbock Texas in which LaSalle/GMAC claims a first lien position interest (referred  
27 to as "Hotel").

28 3. Without waiving any rights they may assert in the future as to whether certain funds  
generated by the Hotel constitute cash collateral, the parties agree that the Debtor may utilize income generated  
by the Hotel to pay for the expenses itemized for the Hotel on the budget attached hereto as Exhibit A ("Budget"),

1 with a variance of 5 percent for line items identified as "Repairs and Maintenance" and "Utilities." provided that,  
2 once the Settlement and Mutual Release Agreement between the parties is executed and GMAC/LaSalle's duly  
3 authorized agent contemplated therein is in place at the Hotel, the Debtor shall not pay any operating expenses  
4 for the Hotel except upon review by, and written approval of GMAC/LaSalle or GMAC/LaSalle's duly  
5 authorized agent, provided that such approval shall not be unreasonably withheld as to ordinary, on going and  
6 budgeted operating expenses incurred in the ordinary course of business. Debtor may not use such income to pay  
7 for fees to any parties related to the Debtor with the exception of the amounts payable to Kilburg Management,  
8 L.L.C. pursuant to the current Management Agreement.

9 4. The Debtor agrees that income generated by the Hotel shall not be utilized to pay medical  
10 benefits or bonuses for administrative personnel of Kilburg Management, L.L.C.

11 5. In addition to the expenses itemized on the Budget, Debtor shall be permitted to reserve  
12 effective September 1, 1999 a total amount of 5 percent of gross revenues per month ("Reserve") for minor capital  
13 expenditures. The Reserve shall be held by LaSalle/GMAC in a separate interest-bearing account. Debtor shall  
14 submit in writing to LaSalle/GMAC any requests to expend monies from the Reserve. LaSalle/GMAC shall have  
15 10 calendar days from the receipt of such request to respond. If LaSalle/GMAC consents to the expenditure or  
16 fails to respond timely, the Debtor may use the Reserve funds requested. Otherwise, Debtor shall be required  
17 to obtain consent or Court approval to utilize the funds.

18 6. Debtor agrees to provide to LaSalle/GMAC on a weekly basis a report including all  
19 expenditures for the Hotel in a form reasonably satisfactory to LaSalle/GMAC. Debtor agrees to also provide  
20 to LaSalle/GMAC on a monthly basis the report which it provided pre-petition, including the July 1999 report.

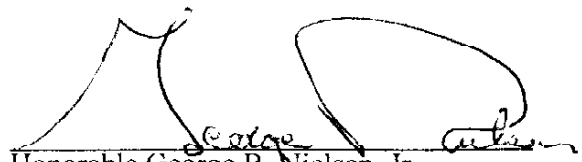
21 7. Debtor agrees to cooperate with LaSalle/GMAC in obtaining an on-site inspection of the  
22 Hotel as well as a review of the Debtor's books and records and general operations relating to the property so  
23 long as the Debtor has sufficient notice and can be present during such inspection and review.

24 8. Debtor agrees to segregate in an interest-bearing account all income in excess of that  
25 expended in accordance with the Budget and agrees further that it will not commingle the income from the Hotel  
26 with income generated by other properties owned by the Debtor.  
27  
28

1 9. Without waiving any rights regarding the extent, validity and priority of LaSalle/GMAC's  
2 asserted security interests in certain property of Debtor's estate, Debtor agrees to grant to LaSalle/GMAC a  
3 perfected first position lien on the income generated by the Hotel which the Debtor asserts is unencumbered to  
4 the extent of the use of any income from the Hotel in accordance with the Budget during the term of this  
5 Stipulated Order.

6 10. This Stipulated Order shall expire at the earlier of 5:00 p.m. January 17, 2000, or the  
7 transfer of the Hotel to GMAC/LaSalle or its designee at a foreclosure sale to be conducted on January 4, 2000,  
8 unless otherwise extended by the Court. A hearing shall be held on the 10<sup>th</sup> day of January 2000, at 9:00 a.m.  
9 to consider the extended use of cash collateral.

10  
11 DATED this 9<sup>th</sup> day of Jan 2000  
12 December, 1999.

13  
14   
Honorable George B. Nielsen, Jr.

15 APPROVED AS TO FORM AND CONTENT:

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